

**ILEC COMPANY C**  
**Access Rate Reductions and Restructure Mechanism**

| LN  | Interstate - Impact of Access Rate Changes              | Year 1           | Year 2           | Year 3            | Year 4            | Year 5             | Year 6             | Year 7             | Year 8             |
|---|---|------------------|------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|
| 1   | Plan Rates - Originating                                | \$50,620         | \$48,089         | \$45,685          | \$43,400          | \$41,230           | \$39,169           | \$37,210           | \$35,350           |
| 2   | -Terminating  | \$56,932         | \$54,085         | \$39,221          | \$25,708          | \$13,448           | \$11,502           | \$9,717            | \$8,082            |
| 3   | Existing Rates - Originating                            | \$50,620         | \$50,620         | \$50,620          | \$50,620          | \$50,620           | \$50,620           | \$50,620           | \$50,620           |
| 4   | - Terminating   | \$56,932         | \$56,932         | \$56,932          | \$56,932          | \$56,932           | \$56,932           | \$56,932           | \$56,932           |
| 5   | Difference - Originating (LN5 = LN1 - LN3)              | \$0              | (\$2,531)        | (\$4,935)         | (\$7,220)         | (\$9,390)          | (\$11,451)         | (\$13,410)         | (\$15,270)         |
| 6   | - Terminating (LN6 = LN2 - LN4)                         | \$0              | (\$2,847)        | (\$17,711)        | (\$31,224)        | (\$43,484)         | (\$45,430)         | (\$47,215)         | (\$48,850)         |
| 7   | <b>Interstate Rate Impact (LN7 = LN5 + LN6)</b>         | <b>\$0</b>       | <b>(\$5,378)</b> | <b>(\$22,646)</b> | <b>(\$38,444)</b> | <b>(\$52,873)</b>  | <b>(\$56,881)</b>  | <b>(\$60,624)</b>  | <b>(\$64,120)</b>  |
| <b>Intrastate - Impact of Access Rate Changes</b> |   |                  |                  |                   |                   |                    |                    |                    |                    |
| 8   | Plan Rate Terminating                                   | \$64,856         | \$62,569         | \$47,732          | \$32,895          | \$18,057           | \$16,257           | \$14,457           | \$12,657           |
| 9   | Existing Rate Terminating                               | \$67,143         | \$67,143         | \$67,143          | \$67,143          | \$67,143           | \$67,143           | \$67,143           | \$67,143           |
| 10  | <b>Intrastate Rate Impact (LN10 = LN8 - LN9)</b>        | <b>(\$2,287)</b> | <b>(\$4,573)</b> | <b>(\$19,411)</b> | <b>(\$34,248)</b> | <b>(\$49,085)</b>  | <b>(\$50,885)</b>  | <b>(\$52,685)</b>  | <b>(\$54,485)</b>  |
| <b>Total Impact of Access Rate Changes</b>        |   |                  |                  |                   |                   |                    |                    |                    |                    |
| 11  | <b>Total Rate Impact (LN11 = LN7 + LN10)</b>            | <b>(\$2,287)</b> | <b>(\$9,951)</b> | <b>(\$42,057)</b> | <b>(\$72,692)</b> | <b>(\$101,959)</b> | <b>(\$107,766)</b> | <b>(\$113,310)</b> | <b>(\$118,605)</b> |
| <b>Calculations of Net Restructure Mechanism</b>  |   |                  |                  |                   |                   |                    |                    |                    |                    |
| <b>Benchmark Adjustment</b>                       |   |                  |                  |                   |                   |                    |                    |                    |                    |
| 12  | Local Rate  | \$14.94          | \$14.94          | \$14.94           | \$14.94           | \$14.94            | \$14.94            | \$14.94            | \$14.94            |
| 13  | Existing SLC:   | \$6.50           | \$6.62           | \$7.16            | \$7.91            | \$8.66             | \$9.41             | \$9.54             | \$9.54             |
| 14  | State USF Surcharge                                     | \$0.52           | \$0.52           | \$0.52            | \$0.52            | \$0.52             | \$0.52             | \$0.52             | \$0.52             |
| 15  | Total Rate: (LN15 = LNs 12 thru 14)                     | \$21.96          | \$22.08          | \$22.62           | \$23.37           | \$24.12            | \$24.87            | \$25.00            | \$25.00            |
| 18  | SLC Adjustment/Line/Mo.                                 | \$0.12           | \$0.54           | \$0.75            | \$0.75            | \$0.75             | \$0.13             | \$0.00             | \$0.00             |
| 19  | Access Lines  | 1,574            | 1,543            | 1,512             | 1,482             | 1,452              | 1,423              | 1,394              | 1,366              |
| 20  | <b>Additional SLC Revenue (LN20 = LN18 x LN19 X 12)</b> | <b>\$2,287</b>   | <b>\$9,951</b>   | <b>\$13,608</b>   | <b>\$13,338</b>   | <b>\$13,068</b>    | <b>\$2,249</b>     | <b>\$0</b>         | <b>\$0</b>         |
| 21  | <b>Intrastate Earnings Test Adjustment</b>              | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>        | <b>\$0</b>        | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         |
| 22  | <b>Net Restructure Mechanism(LN22=LN11-LN20-LN21)</b>   | <b>\$0</b>       | <b>\$0</b>       | <b>\$28,449</b>   | <b>\$59,354</b>   | <b>\$88,891</b>    | <b>\$105,517</b>   | <b>\$113,310</b>   | <b>\$118,605</b>   |

\* Only applicable if the actual local rate on line 17 exceeds the benchmark rate on line 12.